

# Local Innovation in Community and Economic Development:

Stories from Asheville, Edenton, Kannapolis, Wilson and Winston-Salem

with an introduction by Will Lambe and Tyler Mulligan

While North Carolina has realized tremendous success in economic development over the last decade, some parts of the state have fared better than others. The diverse economy of our urban corridor and the natural amenities of our state's western and coastal communities have yielded new residents, jobs and the development of new economic opportunities. Rural communities that once thrived on the business of agriculture or manufacturing have fared less well and continue to struggle with out-migration, business closings and reduced economic opportunities.

In the middle of the spectrum, between our most urban and rural communities, there are an increasing number of cities and towns in North Carolina that have evolved from one-industry towns to communities with diverse local economies. These are what this issue refers to as "Resilient Cities." For example, during several periods in the 20th century, Wilson was the world's largest flue-cured tobacco market. Today, Wilson hosts a diverse mix of financial, pharmaceutical and technology-based industries. Similarly, Kannapolis was home to Pillowtex, a textile manufacturer employing thousands of local residents. Pillowtex closed its doors in 2003 and the plant was demolished in 2006. Today, the former Pillowtex property has been transformed into the North Carolina Research Campus (NCRC), which will host research facilities from seven major universities and create thousands of research-based jobs.

The process of economic evolution illustrated by case studies from Asheville, Edenton, Kannapolis, Winston Salem, and Wilson can be credited, at least in part, to innovative or new approaches to community and economic development (CED). The case studies in this issue focus on resilient towns and cities that have created diverse economies through locally-initiated

CED initiatives. This introduction will describe seven characteristics of innovation in CED that have been distilled from the case studies and will provide several examples to illustrate each characteristic. It will conclude with general comments about the state or federal role in encouraging innovation in local CED.

## Local Ingredients for Innovation in Community and Economic Development

Innovation in CED is a moving target. An innovative (or new) practice in one place may not be innovative in another. What makes a particular approach to development innovative depends on the context in which the practice is being implemented. There are, however, several general characteristics of innovation that can be gleaned from the resilient cities profiled in this issue. These characteristics, which address more the process than the substance of innovation, might be considered "local ingredients for innovation in CED."

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### **Proactive and future-oriented leaders who will embrace change and assume risk**

Community leaders are the facilitators of, or the barriers to, innovation. Without local leaders to push and implement new ways of doing things, innovative practices, in whatever form they take, will fall short. These characteristics of innovative leadership—proactive, future oriented and risk-taking—perhaps relate to the fact that innovation often results when communities “hit the bottom,” forcing local leaders to try new things and take new risks. These leaders believe in finding the glimmer of opportunity that accompanies every crisis.

When the Edenton Cotton Mill announced its closing in 1995, town leaders sought to uncover the opportunity presented by this setback. The town identified Preservation North Carolina as a partner and began to guide the community toward a strategy of preserving the mill and surrounding village. The initiative did not meet with immediate success. The town’s initial idea of a public arts facility proved infeasible. In response, Edenton leaders revised the marketing plan to attract private investment. This approach also yielded nothing, as private developers could not identify a financially-viable use for the mills. Town leaders continued to persevere, and Edenton eventually moved forward with a proposal for a residential development that was successfully completed. Asheville’s transformation from a city with a vacant and blighted downtown to one of the most popular and notable downtowns in the state was driven by risk-taking leadership that consistently invested in historic preservation efforts over a period of decades in order to revitalize downtown. The City of Wilson responded to a series of setbacks for its downtown with a positive initiative, making a forward-thinking investment in fiber-optic connectivity, even after private fiber-optic providers backed out.

### **Strong foundation of social and civic capital**

The leaders in these innovative communities did not work behind closed doors, out of view of the citizenry, nor did they attempt to take decision-making out of the hands of the community. To the contrary, these leaders often relied upon citizens, social networks, and important civic organizations to carry out the community’s goals. These leaders leveraged existing “social capital” to gain access to broader social networks, and formed productive partnerships with strong civic organizations within the community.

The Edenton case study demonstrates the potential impact of “bridging social capital,” in which social connections are used to reach outside a community in order to bring resources or expertise into the community. Edenton leaders drew upon an existing social network to identify and secure Preservation North Carolina as a partner for the Mill Village project. That initial partnership not only provided the means for securing

the mill for the town through a donation, but also was the key to developing and implementing the full scope of the mill village project. Furthermore, Edenton leaders engaged the public and benefited from civic participation. Public input provided the impetus for building a public boardwalk in the mill village. Edenton also took the opportunity to invest in the future of its rich reservoir of social and civic capital by preserving green space in the mill village to create additional opportunities for citizens to gather and connect with each other.

The Asheville case study illustrates how leaders of communities with strong social and civic capital need not take risks alone. The author of the Asheville case study explains that public officials in Asheville took a leadership role and assumed the greatest political risk for failure associated with its downtown revitalization, but also points out that “hundreds of people” contributed to the core of “leadership, vision and funding.” Asheville’s civic strength was evident as strong partnerships between public, private, and nonprofit sectors proved to be a key factor in the successful revitalization of downtown.

### **Widely shared local vision**

Innovative communities establish and maintain a broadly held vision, including goals for all manner of development activities with measurable objectives. In CED, people (as opposed to money or other resources) are the one absolutely necessary ingredient to implementing and sustaining innovative practices. A committed group of local residents who are willing to work hard to support the community’s vision can change the fate of an otherwise hopeless community. A widely shared vision provides local innovators with a common understanding of the road ahead.

In Edenton, local leaders engaged the community in dozens of meetings to determine the future of the mill village. Perhaps the most efficient path forward in Edenton would have been to demolish the mill village and prepare the property for new development, but that is not what the residents of the community wanted. Residents preferred to focus on preservation, rehabilitation and reuse, which became the vision for community’s path forward. Similarly, in the late 1990s, and in the face of continuing layoffs at the Pillowtex facility, leaders in Kannapolis came together to plan for a more diverse local economy in a process dubbed “Weaving a Shared Future.” Leaders in Winston-Salem have reinvented the community several times over, most recently with the vision to become a hub of commerce for biotechnology with Bowman-Gray School of Medicine at the center of the hub.

### **Comprehensive approach—community development is economic development**

If community development—compared to economic development—is generally considered to include a

broader set of activities aimed at building the capacity of a community, then these towns and cities demonstrate that capacity-building and other strategies typically associated with community development are analogous with actions designed to produce economic outcomes. In other words, these cases illustrate that sometimes the best way to attract jobs and investment is to set goals and make investments which reach beyond merely creating jobs and investment. This observation implicitly recognizes that innovative development is multi-faceted. There is no universally applicable formula for determining the right way or the most innovative way to do CED. Innovation is context-specific, and community leaders should take nothing off the table in selecting strategies to pursue. Decisions about what to do and why to do it must be based on local conditions, context, and capacity.

In Edenton, upon the announcement that the cotton mill was closing, town leaders were concerned with the blight and loss of family housing, in addition to the loss of jobs. The strategy pursued by the town was centered on job creation (a typical economic development goal) but incorporated broader community development goals as well. For example, town leaders saw the value in preserving affordable housing; restoring a wetlands creek bed to preserve and provide access to the community's natural assets; preserving the mill village as an historic cultural asset; and connecting the site to the town center.

Likewise in Asheville, on its way to becoming the thriving and popular downtown destination that it is today, city leaders took a broader approach than simply creating a favorable business climate downtown. Rather, they spent decades building up the civic capital of the community, forming and nurturing organizations, partnerships, and future leaders that would carry the community forward. Furthermore, Asheville included housing as part of its strategy to attract the right mix of residents and small businesses, and it invested in its cultural assets, cultivating a creative class to build and sustain its arts industry. Kannapolis developed a more narrow economic development focus as part of its recovery strategy following the Pillowtex plant closing, but it still included community development investments in transportation, parks, recreation, and preservation of historic and cultural buildings.

### **Broad definition of assets and opportunities**

In most communities, shell buildings, low tax rates, limited regulation, and access to trained workers, highways, railroads, or professional services are considered economic development assets and justifiably so. Innovative communities, however, define economic development assets in a much broader framework. These communities recognize that community development assets which are good for residents are also good for attracting economic development.

For example, Edenton's century-old mill village, though in need of significant rehabilitation, was perceived as an asset, not a liability. Similarly, in Wilson, community organizations have been active in the pursuit of vacant historic properties, particularly in the downtown area, to restore luster to neglected areas and to retain a sense of the community's shared history and culture. In the view of innovative communities, these buildings serve a larger purpose than merely commercial space. Downtown Asheville, which was nearly vacant in the mid-1970s, has built itself around once blighted and crumbling historic structures. In Kannapolis, an active parks and recreation department is recognized as an important asset by the community and contributes to the town's vitality. Winston-Salem, which formed North Carolina's first locally-zoned historic district, has a long history of recognizing the value of its historic properties and shared culture. Winston-Salem's leaders also recognize the need to foster arts and cultural attractions to keep the city vibrant and attractive to residents.

### **Creative regional governance, partnerships, and organizations**

Historically, development in North Carolina has been practiced as a zero-sum game. If one jurisdiction successfully attracted an investment or new employer, the implication has been that the other jurisdiction (perhaps a neighbor) lost. Innovative communities move beyond this notion to a regional or collaborative approach. Cross-jurisdictional partnerships can help communities pool resources toward shared development objectives.

In Winston-Salem, for example, the first city-county planning operation between the city and Forsyth County was authorized in 1947. The City and County have been working together on planning and development projects for more than sixty years. The Asheville Hub Alliance brings together economic development leaders from across the Asheville Metro Area to drive development in the region. Further, public-private (including not-for-profit) partnerships are emerging as the prominent organizational model for innovative development. In Edenton, a partnership between the local government and Preservation North Carolina provided institutional leverage to rehabilitate the mill village. In Winston-Salem, business and public sector leaders have come together in a variety of partnerships to advance that city's interests.

### **Creative financing approaches**

In a time of crisis, a community must be able to marshal significant financial resources to bankroll its revitalization initiatives. This requires an understanding of complex financing tools and openness to creative use of all available resources.

Leaders in Edenton understood the value of federal and state historic tax credits to prospective investors

in the cotton mill development. They therefore sought outside expertise to guide the town through the historic designation process, enabling developers to utilize valuable historic tax credit financing. Winston-Salem civic leaders established a private foundation, the Millennium Fund, to support its efforts. Kannapolis established one of North Carolina's earliest tax increment financing districts, so it is poised to fund infrastructure improvements as increasing amounts of private investment related to NCRC flow into the city.

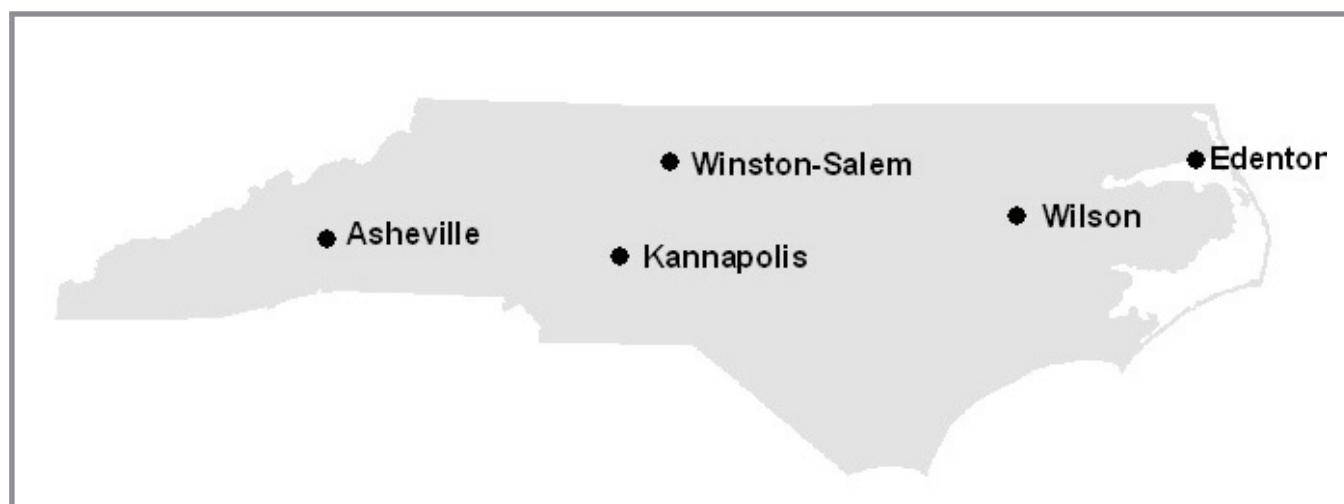
### Encouraging Innovation in CED

The case studies in this issue demonstrate that a majority of the responsibility for initiating innovative practices in CED lies squarely in the hands of local leadership. Leaders in municipal, county and multi-jurisdictional institutions at the local level know their circumstances and are best equipped to make strategic decisions about development. Often, their success will depend in some measure on their ability to reach out to their citizenry and to capitalize on existing community assets. This focus on local assets, however, does not exclude an important role for state and federal institutions. The right or wrong set of tools and incentives can have an important role in terms of encouraging or incenting innovation at the local level. The question for state and federal policy makers is how to invest strategically in the capacity of communities to innovate based on local circumstances and opportunities. For example, state and federal grant programs could be designed to require multi-jurisdictional partnerships as a criterion for funding. Research on innovation and program evaluation, including best practice case studies, could be ramped up and consolidated in an accessible data clearinghouse. Reuse strategies could be encouraged over greenfield development. Criteria for grants could require that communities seek more than just jobs and investment;

or that they employ models of community participation and civic engagement to invest in social and civic capital. Training and technical assistance for the development of advanced finance mechanisms could be provided. Additional resources could be made available to colleges and universities for not just workforce development, but also leadership development. These are a few examples of the types of policies that could encourage innovation without prescribing any particular course of action at the local level.

### Editors' Note

The North Carolina cities represented by the following articles range from Edenton in the northeastern corner of the state to Asheville in the western Blue Ridge Mountains. They range in size from the town of Edenton, with its 5,000 residents, to the greater Winston-Salem metropolitan area that nearly half a million people call home. Additionally, some of the municipalities represented in these articles grew on the strength of a single industry, while others have fostered diverse economies from the start. Nevertheless, each of them has had to respond to national changes in industry, corporate structure, and demographic trends by deciding which parts of their civic culture, built environment, and identity to preserve, and which to wholly readjust. Their stories of change and resilience are told here through collaborations between planners and economic developers, with help from elected officials and others involved in the processes of change. The entire assemblage was planned and marshaled by Denise Boswell, Ph.D., in her capacity as the Outreach Coordinator for the North Carolina Chapter of the American Planning Association.



**Resilience across North Carolina.** The five case-study cities span the state.